



**TARGA**

# **Targa Resources**

## **Investor Presentation**

**Barclays Capital CEO Power-Energy Conference**

**September 6, 2012**

# Forward Looking Statements

Certain statements in this presentation are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that Targa Resources Partners LP ("TRP" or the "Partnership") or Targa Resources Corp. ("TRC" or the "Company") expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside the Partnership's and the Company's control, which could cause results to differ materially from those expected by management of Targa Resources Partners and Targa Resources Corp. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including declines in the production of natural gas or in the price and market demand for natural gas and natural gas liquids, the timing and success of business development efforts, the credit risk of customers and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in the Partnership's and the Company's Annual Reports on Form 10-K for the year ended December 31, 2011 and other reports filed with the Securities and Exchange Commission. The Partnership and the Company undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

# Targa's Positive Momentum Continues

## ◆ Industry Dynamics Favor Targa's Integrated Midstream Platform

- ◆ Advances in E&P technology and economically attractive oil and NGL prices drive drilling activity and volumes in gathering and processing
- ◆ Strong producer focus on Permian Basin and North Texas benefitting Targa's existing footprint driving further organic expansion; emerging producer activity in Louisiana onshore and GOM where Targa is well positioned
- ◆ Increasing raw NGL supply to Mont Belvieu where Targa has second largest fractionation position

## ◆ Robust Organic Growth Opportunities for Targa, increasing scale and diversity

- ◆ Over \$1 billion of announced organic growth projects to be completed in 2012 and 2013
- ◆ Business mix shifting to higher percentage of fee-based margin
- ◆ Resulting cash flow stability less dependent on commodity price environment
- ◆ Growth opportunities continue to expand; actively developing additional expansion projects across all our businesses

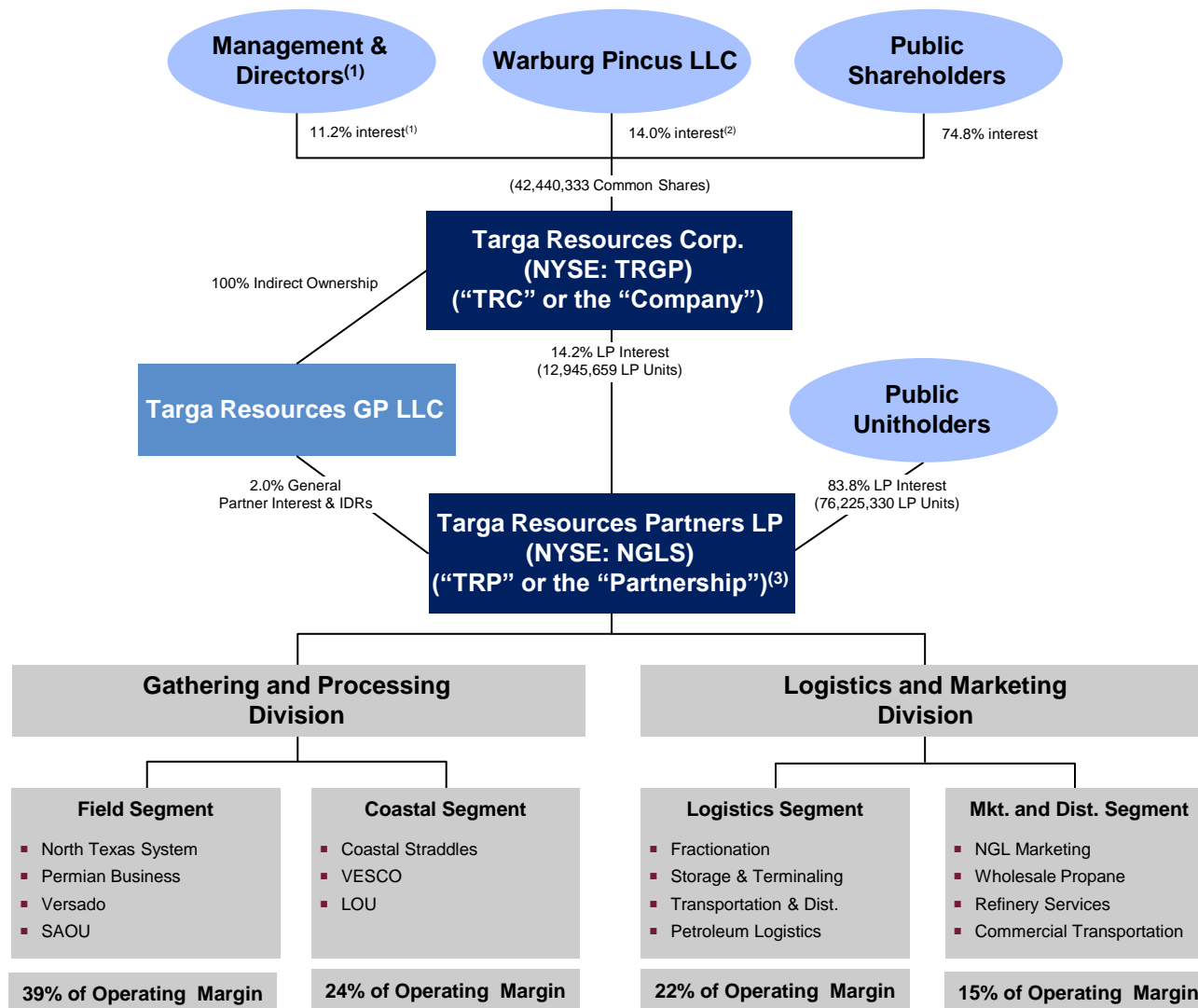
## ◆ Well Positioned for Growth

- ◆ Completed two capital market transactions early in 2012 raising over \$565 million
- ◆ Targa Resources Partners LP's leverage ratio of 2.9x at June 30, 2012 is below target range
- ◆ Liquidity of \$979 million as of June 30, 2012 and second quarter LTM distribution coverage of 1.3x

## ◆ Strong Distribution Growth

- ◆ Partnership distribution per common unit growth in 2012 of 10% to 15%
- ◆ TRC dividend per share growth in 2012 of 30% to 40%
- ◆ Ability to continue increasing distribution/dividend as organic projects come on line

# Targa Corporate Structure



(1) Ownership interest as of 8/9/2012 for Section 16 Officers and TRGP directors

(2) After distribution of 1.2 million shares in August 2012

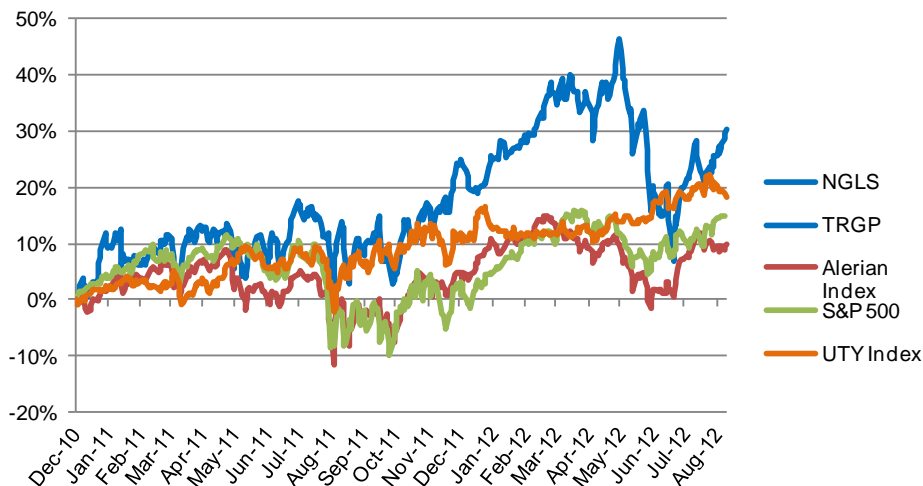
(3) TRP ownership as of 8/9/2012; TRP operating margin percentages based on LTM as of 6/30/2012

# Targa Resources' Two Public Companies

## Targa Resources Partners LP (NYSE: NGLS)

- ◆ IPO February 2007
- ◆ MLP
- ◆ Owner/Operator of all assets

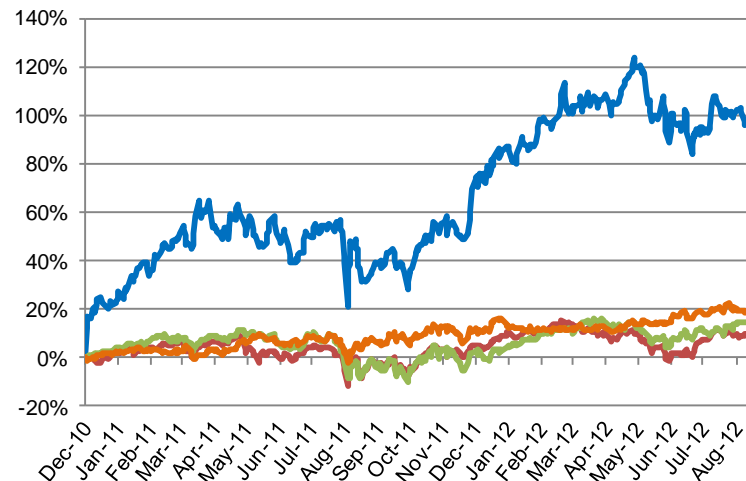
Market Cap:	\$3.6 billion
Enterprise Value:	\$5.2 billion
Unit Price:	\$40.35
Yield:	6.4%
Current Annualized <u>Distribution</u> :	\$2.57 (K-1)
Sequential / Annualized Growth:	3% / 13%



## Targa Resources Corp. (NYSE: TRGP)

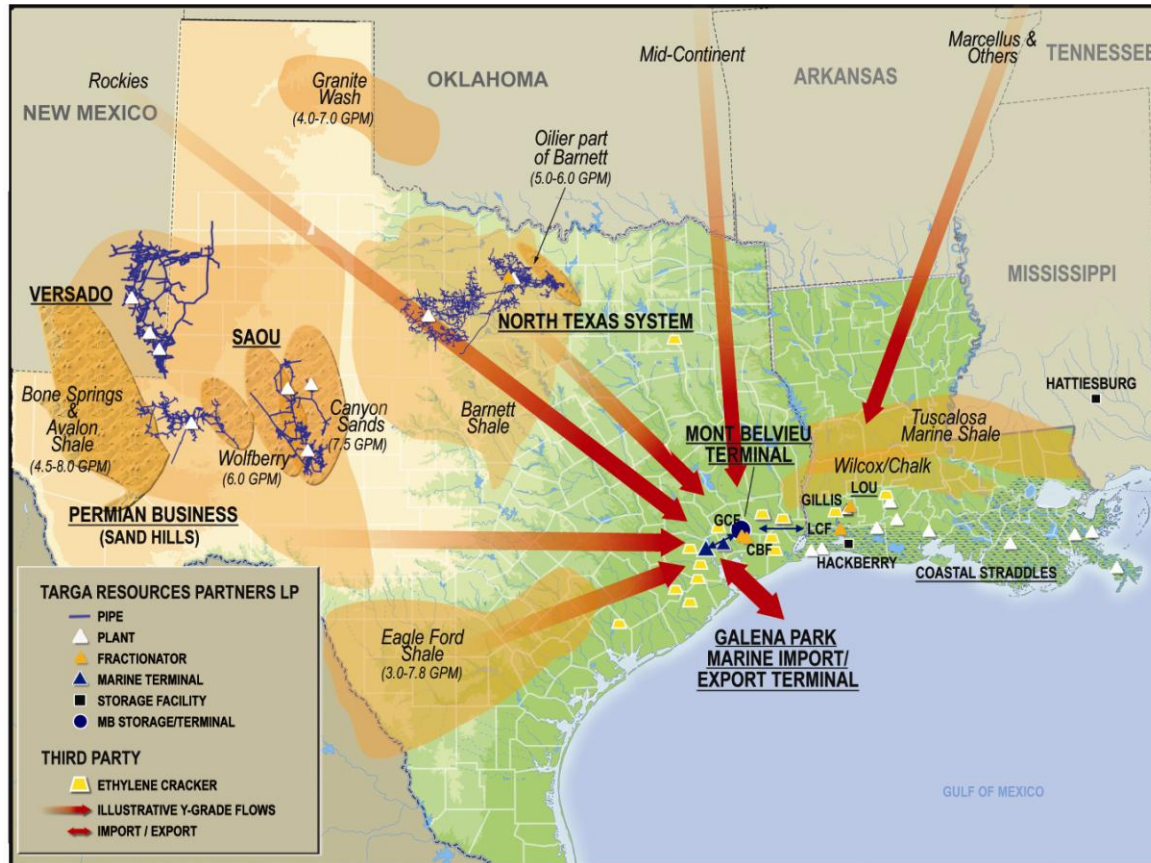
- ◆ IPO December 2010
- ◆ C-Corp
- ◆ General Partner of NGLS

Market Cap:	\$1.8 billion
Enterprise Value:	\$1.9 billion
Share Price:	\$43.48
Yield:	3.6%
Current Annualized <u>Dividend</u> :	\$1.575 (1099)
Sequential / Annualized Growth:	8% / 32%



Note: Market cap, Unit/Share Price and Yield as of 8/15/2012. NGLS enterprise value uses current market cap and net debt as of 6/30/2012

# Industry Dynamics Favor Targa's Platform



- ◆ **Advances in E&P technology and strong oil and NGL pricing drive producer activity**
- ◆ **E&P activity, largely in oil or liquids-rich shale/resource plays, benefits Targa G&P volumes**
  - ◆ “Oilier” portion of Barnett Shale
  - ◆ Multiple Permian Basin oil plays with rich associated gas impacting SAOU, Sand Hills and Versado
  - ◆ Onshore LA Wilcox/Chalk increasing wellhead volumes plus Tuscaloosa Marine Shale potential; Coastal Straddles to benefit from GOM activity returning to normal
  - ◆ Little dry gas exposure for Targa
- ◆ **NGL volumes from Targa’s G&P and from others benefit Targa’s Downstream business**
  - ◆ Increased NGL supplies
  - ◆ Integration with expanding export/import facility at Galena Park
- ◆ **Favorable global commodity market dynamics enhance Targa’s position**
  - ◆ Gulf Coast petchems with global cost and geopolitical advantage increasing ethane and propane demand
  - ◆ Increased US LPG exports likely

# Announced Partnership Growth Drivers

- ◆ Over \$1 billion in announced projects expected to be completed in 2012 and 2013
- ◆ Announced projects provide high visibility on EBITDA growth through 2014 with over \$1 billion completed in 2012 and 2013 at 5–7 x EBITDA multiples for most larger projects, better multiples for others

Growth Projects	CAPEX (\$ millions)	2012 CAPEX (\$ millions)	Expected Completion	Primarily Fee-Based
<b>Completed 2011 Projects</b>				
CBF Train 3 Expansion (78 MBbl/d)	64		Q2 2011	✓
Channelview Terminal	29		Q2 2011	✓
Sound and Baltimore Terminals	127		Q3 2011	✓
SAOU Expansion Program - 2011	30		Q4 2011	
North Texas Expansion Program - 2011	40		Q4 2011	
<b>Total 2011 Projects</b>	<b>\$290</b>			

## 2012 - 2013 Projects

Benzene Treating	40	8	Q1 2012	✓
HD-5 Refrigeration Export Project	13	10	Q2 2012	✓
Gulf Coast Fractionators Expansion (GCF)	35	13	Q2 2012	✓
North Texas Expansion Program - 2012	20	20	Q4 2012	
SAOU / Permian Business Expansion Programs - 2012 <sup>(1)</sup>	55	55	Q4 2012	
Petroleum Logistics Projects <sup>(2)</sup>	60	60	Q1 2013	✓
CBF Train 4 Expansion (100 MBbl/d)	360	200	Q2 2013	✓
International Propane Export Project	250	125	Q3 2013	✓
North Texas Longhorn Project (200 MMcf/d)	150	75	Mid 2013	
Other	40	40		
<b>Total 2012 - 2013 Projects</b>	<b>~\$1,023</b>	<b>~\$606</b>		<b>~\$778<sup>(3)</sup></b>

(1) Includes total of 60 MMcf/d SAOU / Permian Business processing expansions

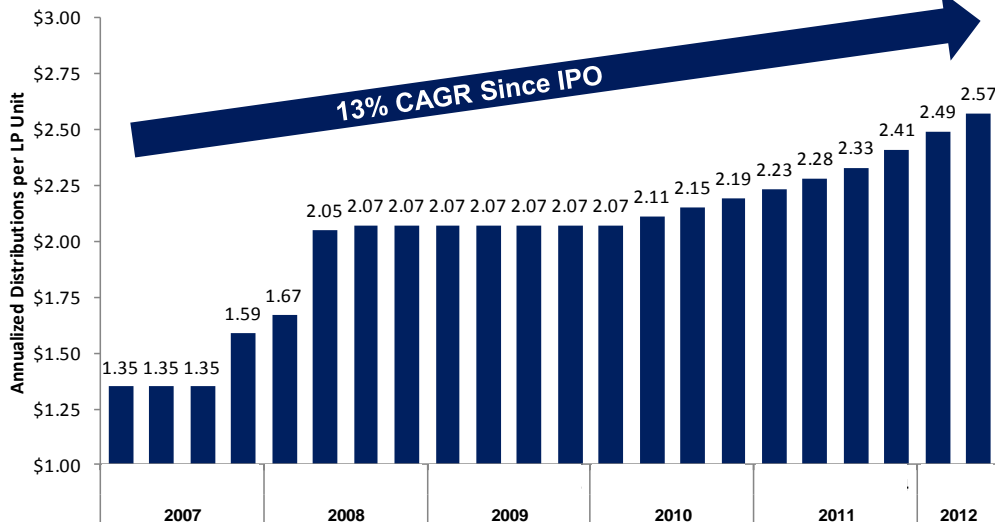
(2) Near-term planned expansions of Channelview, Sound and Baltimore terminals

(3) \$778 million of fee-based capital, 76% of total 2012 & 2013 projects

# Strong Distribution Growth and Coverage Ratio

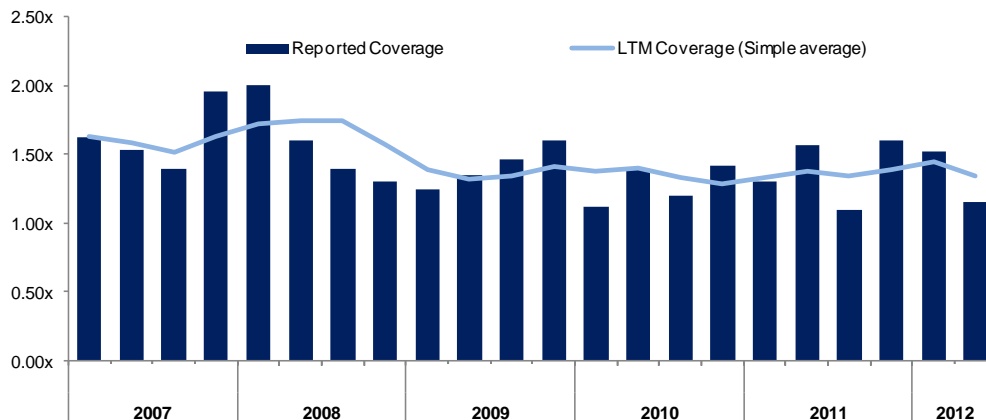
- ◆ Expected 10% to 15% distribution growth per common unit in 2012
- ◆ Over \$1 billion of announced growth capital projects for 2012 and 2013 continues to drive distribution/dividend growth
- ◆ Ability to continue increasing distribution/dividend as organic projects come on line in 2013 and contribute to full year 2014 results

## NGLS Annualized Distribution Per LP Unit



- ◆ Continued track record of strong distribution coverage
- ◆ Second quarter coverage ratio of 1.15x, LTM coverage ratio of 1.34x
- ◆ As scale, diversity and fee-based business increase we expect to transition to a long term LTM target coverage ratio of 1.2x

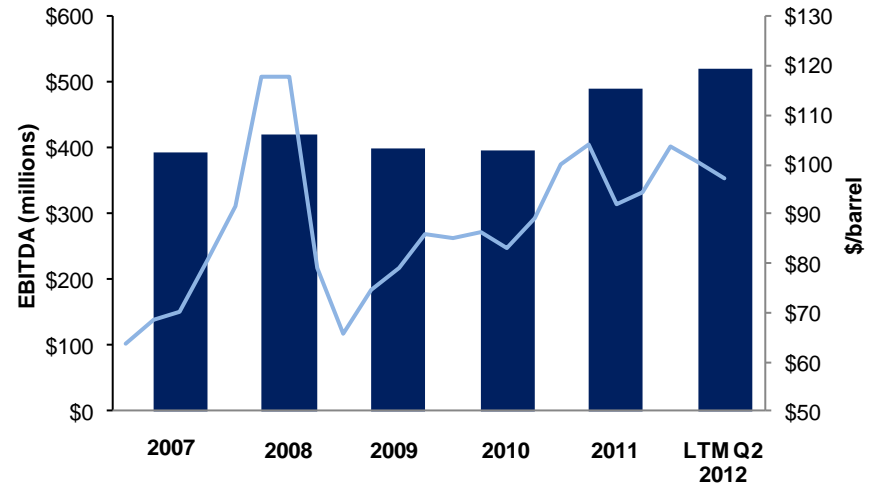
## NGLS Reported Distribution Coverage



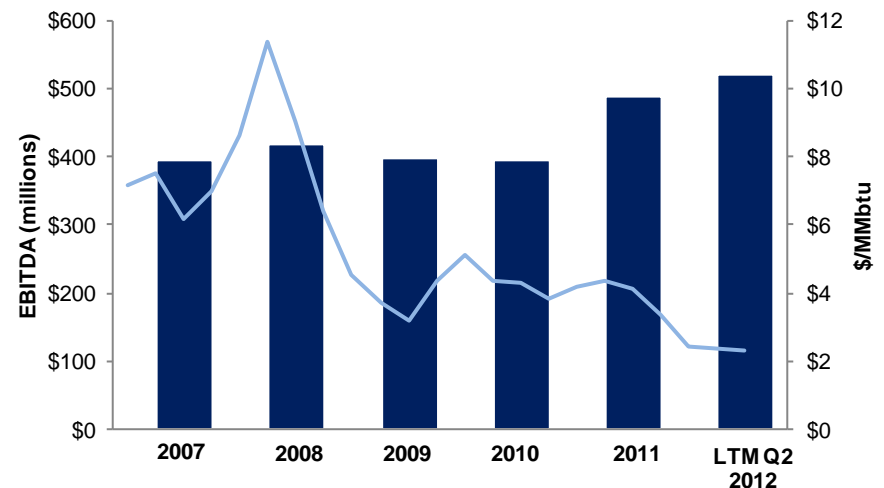
# Diversity Drives EBITDA Stability

- ◆ TRP's scale, prudent hedging and business diversity have largely insulated TRP from movements in crude and natural gas prices
- ◆ **Field G&P segment**
  - ◆ Producer dynamics in Permian are different across our systems and vary from North Texas and other segments
  - ◆ Long crude, NGLs and natural gas
- ◆ **Coastal G&P segment**
  - ◆ Producer dynamics at LOU are different than VESCO and other Coastal Straddles and other segments
  - ◆ Generally long NGLs and short natural gas
- ◆ **Logistics and Marketing Division**
  - ◆ Customer dynamics largely driven by NGL supplies, fractionation demand and petchem profitability
  - ◆ Export facility more profitable with lower NGL prices relative to world market
  - ◆ Wholesale propane and refinery services reasonably stable despite significant weather swings
  - ◆ Logistics Assets is fastest growing segment and is all fee-based

## EBITDA vs. Crude Oil Pricing



## EBITDA vs. Natural Gas Pricing



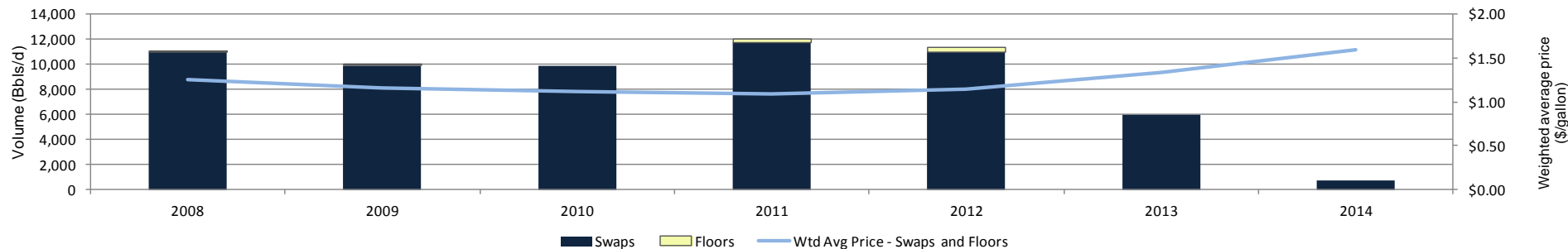
# Fee-based Contract Mix Increasing



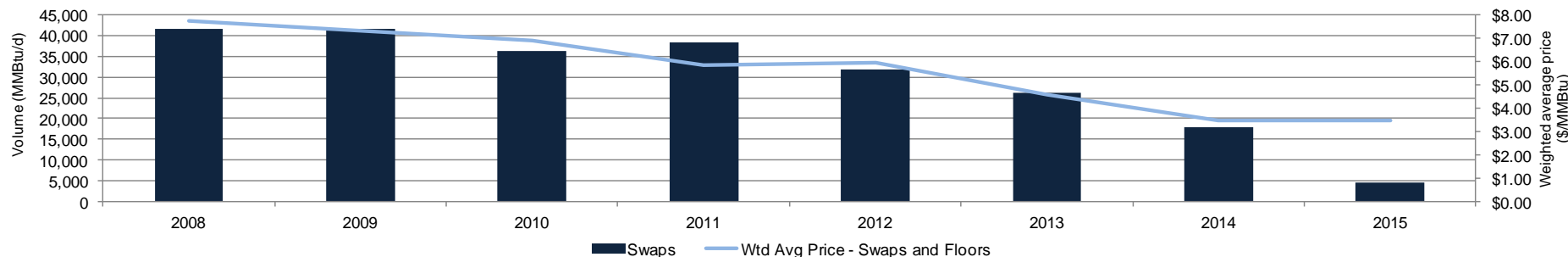
- ◆ Lower commodity prices in Q2 2012 caused fees and fees as a percentage of operating margin to increase
- ◆ Benzene treating in service Q1 2012 and contributes fee-based operating margin
- ◆ CBF Train 3 and Petroleum Logistics acquisitions contribute fee-based operating margin beginning in 2011
- ◆ Fee-based operating margin expected to continue to increase and to increase to 40%-50%+ over next several years; capex projects with firm contracts provide clear visibility on increasing fee operating margin

# Disciplined and Consistent Hedging Program

## NGL and Condensate Hedge Arrangements as of 6/30/2012



## Natural Gas Hedge Arrangements as of 6/30/2012

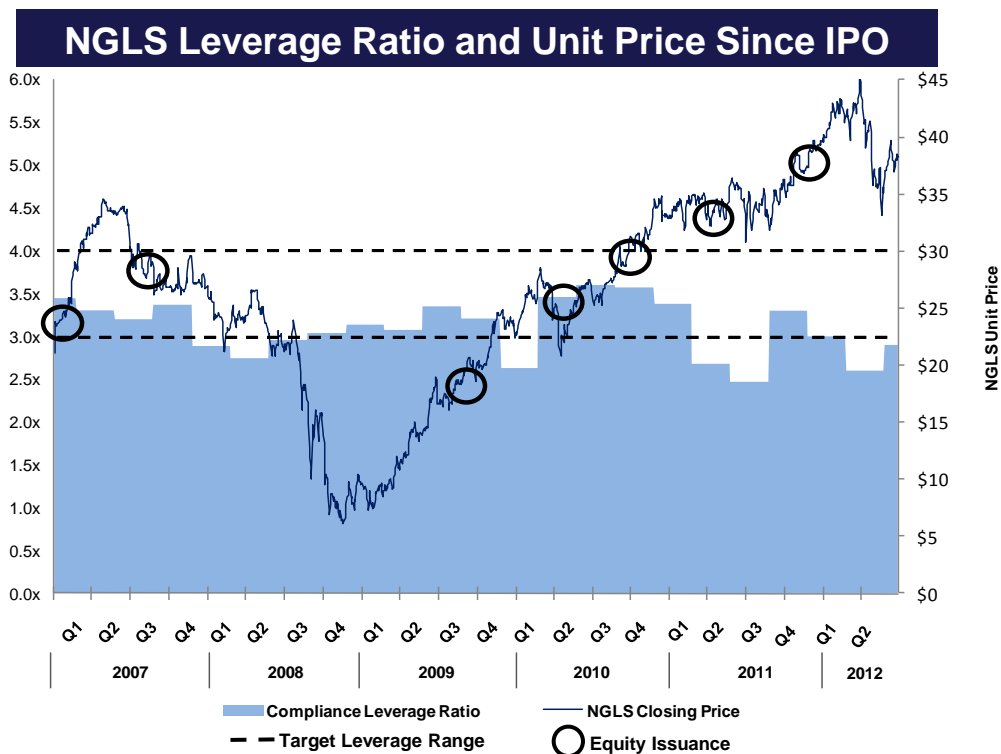


- ◆ Highly correlated hedges including specific NGL components (ethane, propane, butane, etc.) and basis differentials for natural gas
- ◆ No margin or collateral posting requirements
- ◆ Hedging parameters established by board of directors hedge committee; execution overseen directly by executive management

Note: 2013 & 2014 NGL and Condensate hedges represent greater proportion condensate

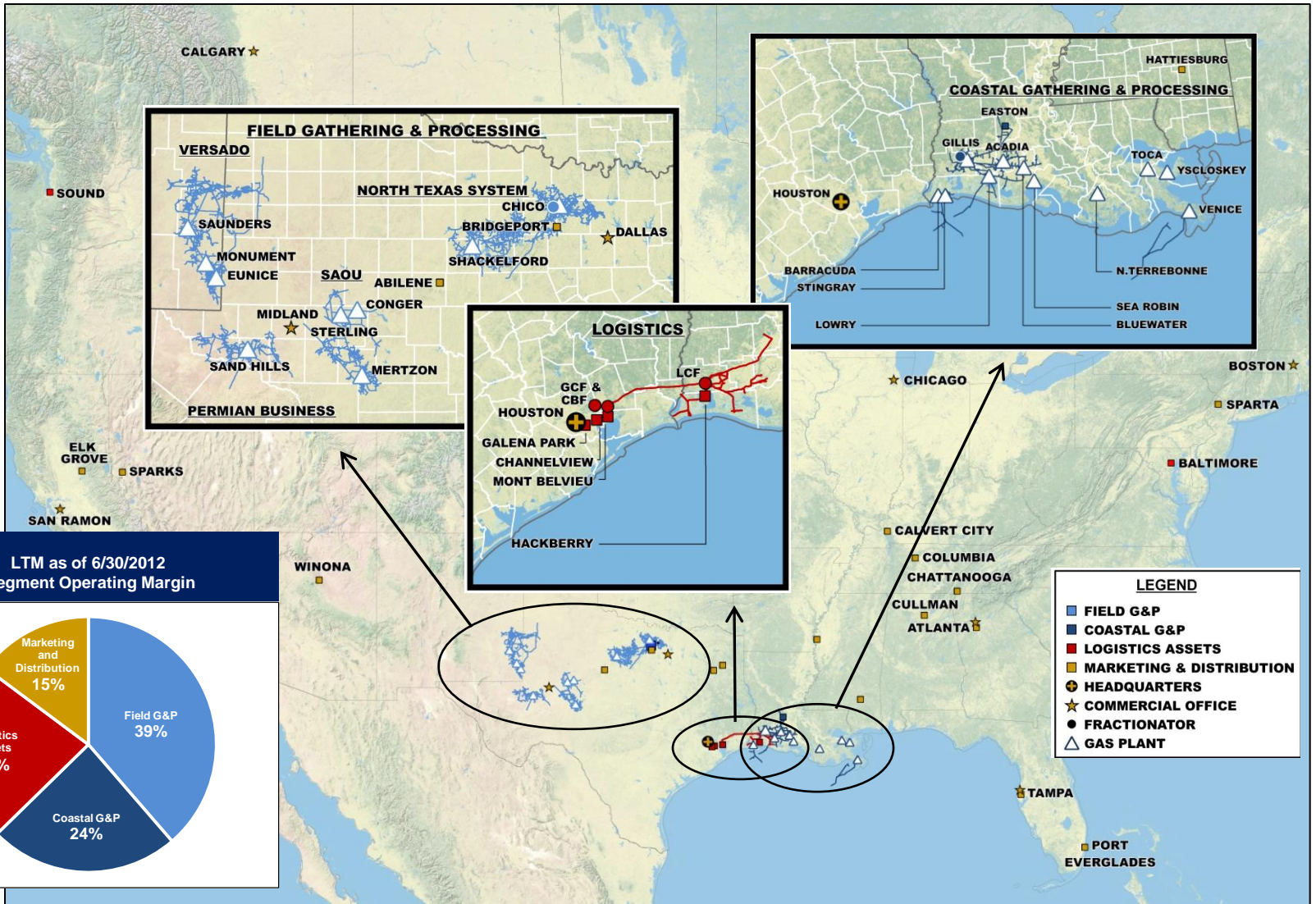
# Solid Financial Profile Positions the Partnership for Growth

- ◆ **Committed to maintaining relatively conservative capital structure to underpin access to capital**
  - ◆ Target leverage ratio 3.0x - 4.0x Debt/EBITDA
  - ◆ Actual leverage history at low end of target range
  - ◆ Consistent record of leverage ratio on strong side of comparable group
- ◆ **Positive ratings momentum reflects scale, diversity and discipline**
  - ◆ S&P May 2011 upgrade to BB for both corporate and notes ratings
  - ◆ Moody's January 2012 upgrade to Ba2 corporate rating and Ba3 notes rating
- ◆ **Strong Leverage Ratio and Liquidity<sup>(1)</sup>**
  - ◆ Total Debt/EBITDA 2.9x
  - ◆ Credit Facility Commitments \$1.1 billion
  - ◆ Total Revolver Availability \$890 million
  - ◆ Total Liquidity \$979 million

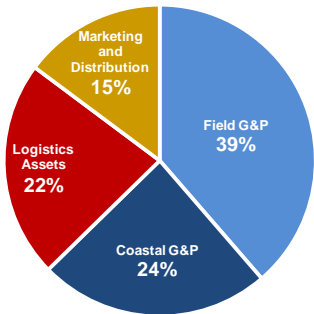


(1) As of June 30, 2012

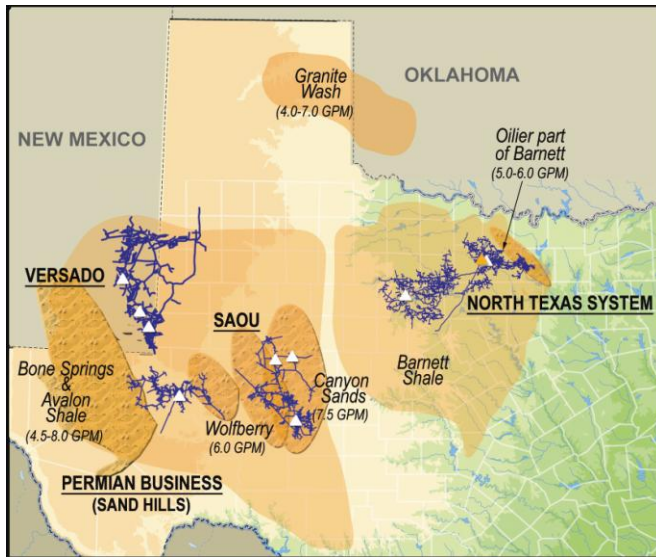
# Targa's Integrated Midstream Platform



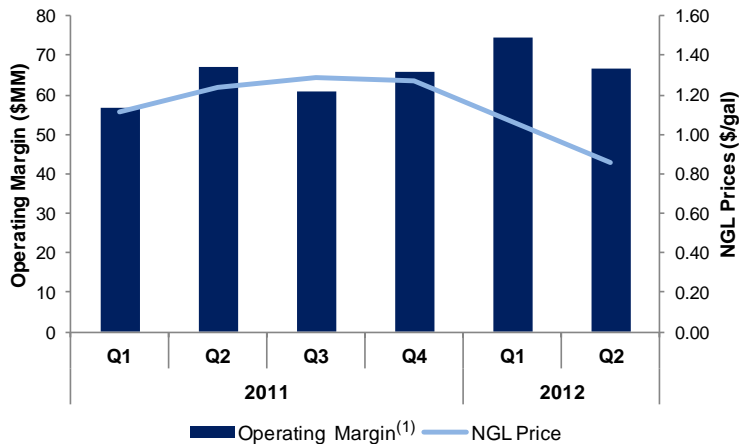
LTM as of 6/30/2012  
Segment Operating Margin



# Field Gathering and Processing Segment



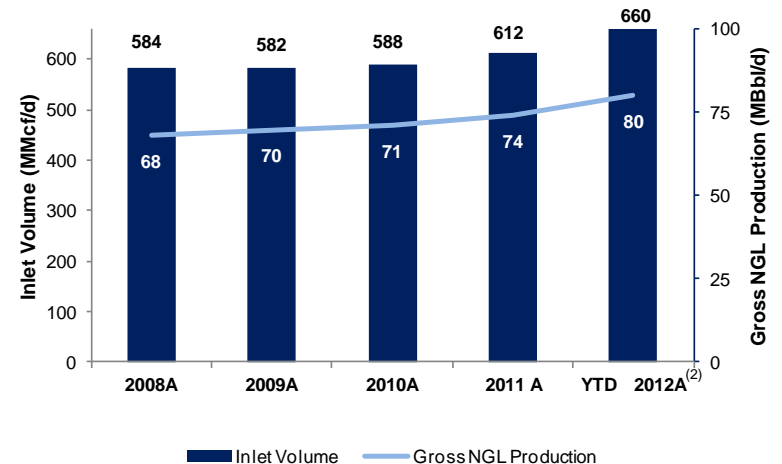
Predominately POP contract type



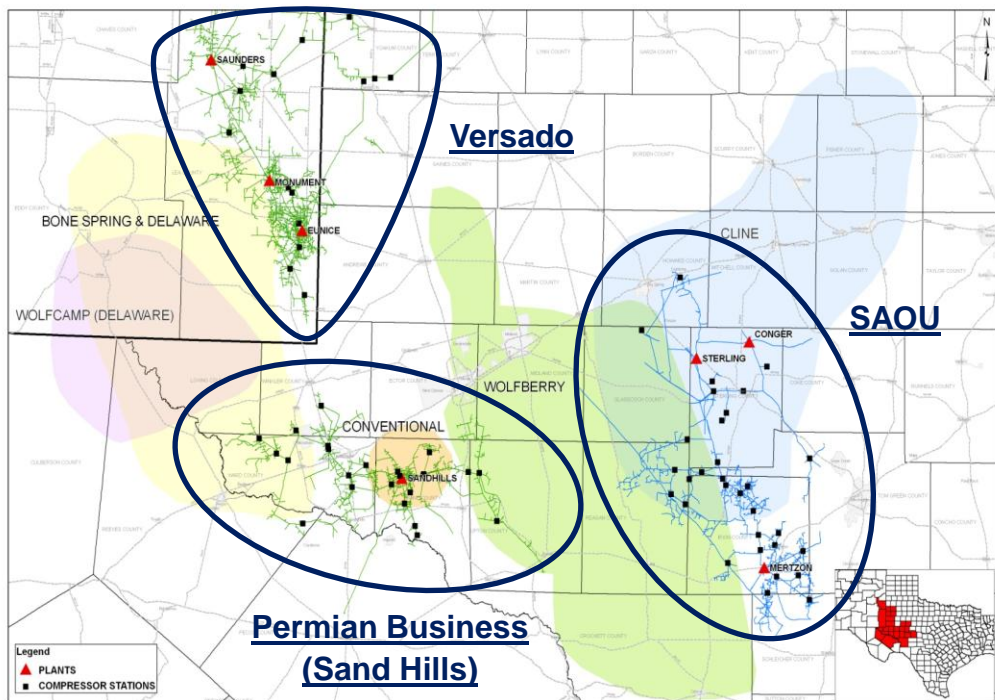
## Field G&P Highlights

- ◆ Total of 9 plants with 847 MMcf/d of gross processing capacity and 10,470 miles of gathering pipeline
- ◆ Field G&P segment equity volumes are well hedged
- ◆ North Texas located in oiler portion of Barnett Shale
- ◆ Permian Basin activity dominated by shale/resource plays; SAOU, Permian Business and Versado are gathering gas from oil wells with associated gas and NGL's
- ◆ Q2 2012 inlet volume and NGL production for the segment were 9% higher than Q2 2011

2012 inlet volume expected to be approximately 10% higher than 2011



# ◆ Targa's Permian Basin Systems and Broad Active Plays



## ◆ SAOU

- ◆ All oil wells with associated gas and NGLs
- ◆ Record number of well connects in 2011 with 383
- ◆ 30 MMcf/d processing capacity expansion expected to come on line near end of this year
- ◆ 2012 inlet volumes expected to exceed 2011 inlet volumes

## ◆ Permian Business (Sand Hills)

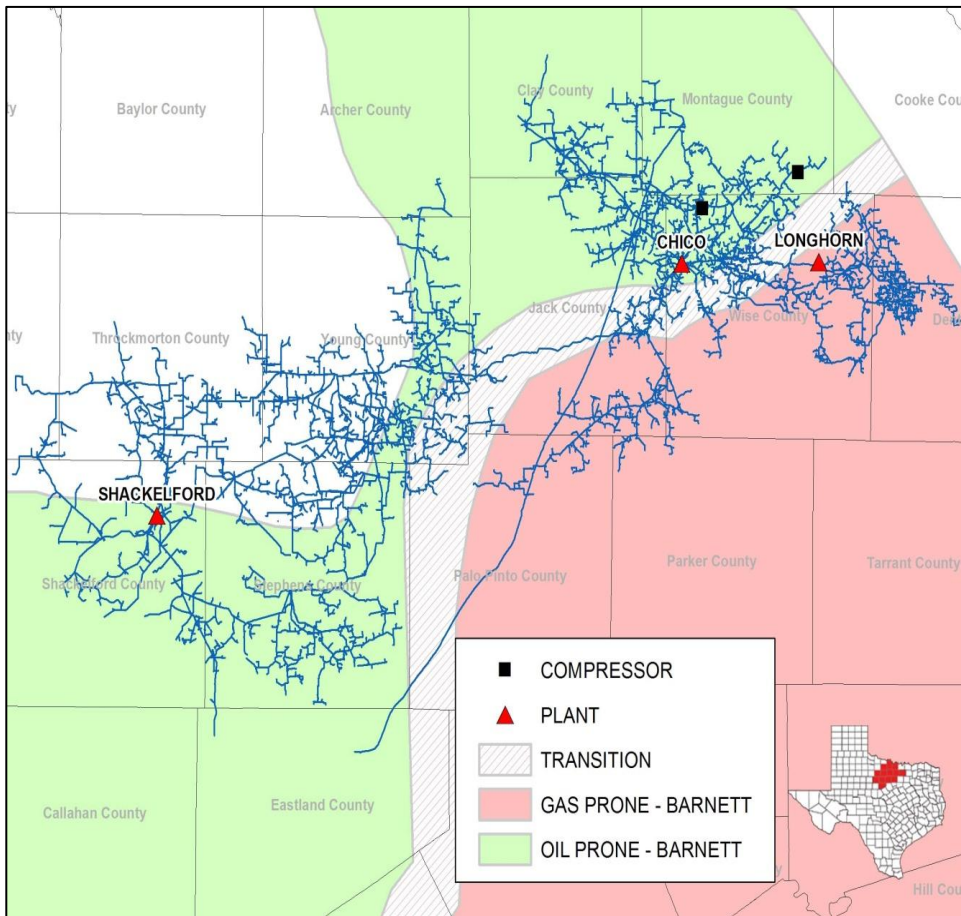
- ◆ All oil wells with associated gas and NGLs
- ◆ High drilling, completion and well connect activity
- ◆ 30 MMcf/d processing capacity expansion expected to come on line prior to end of this year
- ◆ 2012 inlet volumes expected to exceed 2011

## ◆ Versado

- ◆ Well positioned gathering system for oil focused environment on the Central Basin Platform
- ◆ Pursuing opportunities to lay pipelines to the south and west of Versado to capture new Bone Spring/Avalon supply in Delaware Basin
- ◆ 2012 inlet volume expected to exceed 2011

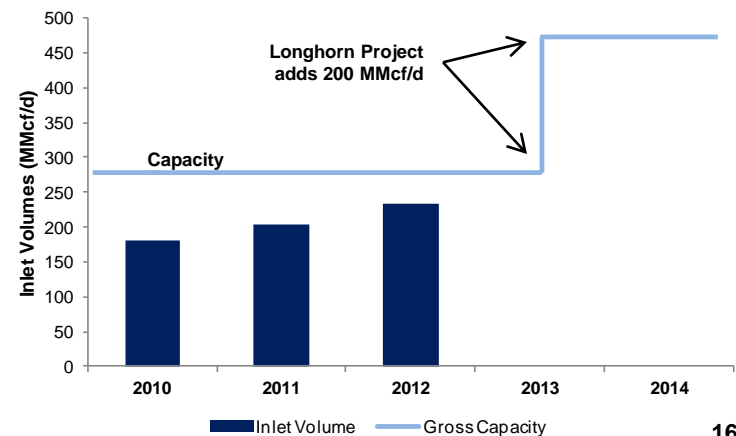
	Gross Processing Capacity (MMcf/d)	YTD Q2 2012 Inlet Volume (MMcf/d)	Pipeline Miles	Recovered GPM
SAOU	139	119	1,670	6.0+
Permian	150	138	1,400	4.5 - 9.5
Versado	280	170	3,200	4.0 - 5.0
<b>Total</b>	<b>569</b>	<b>427</b>	<b>6,270</b>	

# North Texas – Well Positioned for Growth

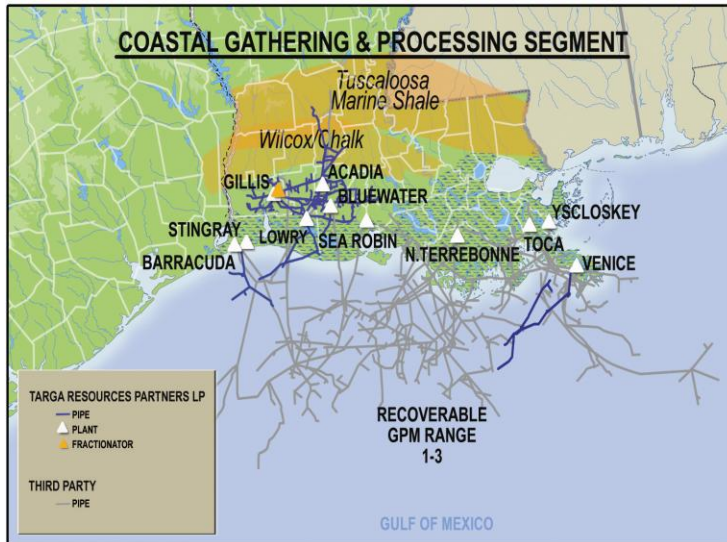


## ◆ North Texas Systems

- ◆ ~4,200 miles of gathering pipeline reaching 13 counties with two processing plants with gross capacity of 278 MMcf/d and fractionation capacity of ~15 MBbl/d
- ◆ 200 MMcf/d Longhorn plant on line mid 2013
- ◆ Recovered GPM in the 4.0 – 5.0 range
- ◆ Assets located in oilier portion of Barnett shale
- ◆ 2012 total annualized permits for producers is forecasted to be about the same as 2011 level
- ◆ Volume continues to trend higher due to improvements in completion technology and increased capture rates
- ◆ 2012 inlet volumes expected to be meaningfully higher than 2011



# Coastal Gathering and Processing Segment

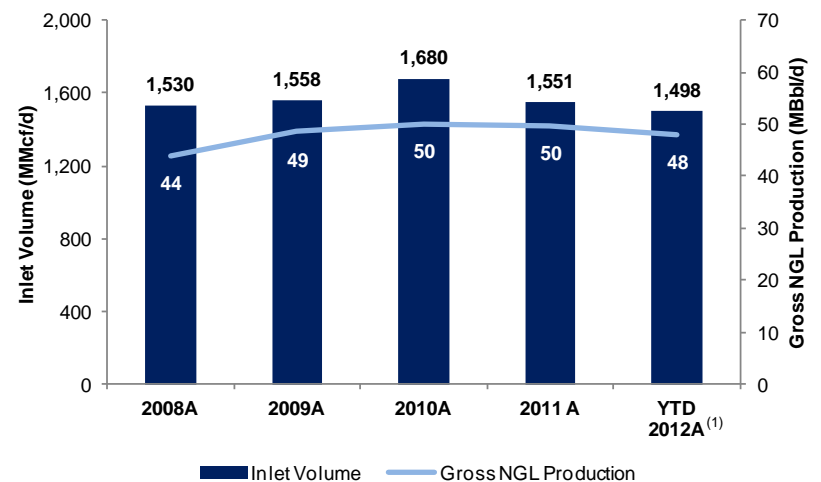
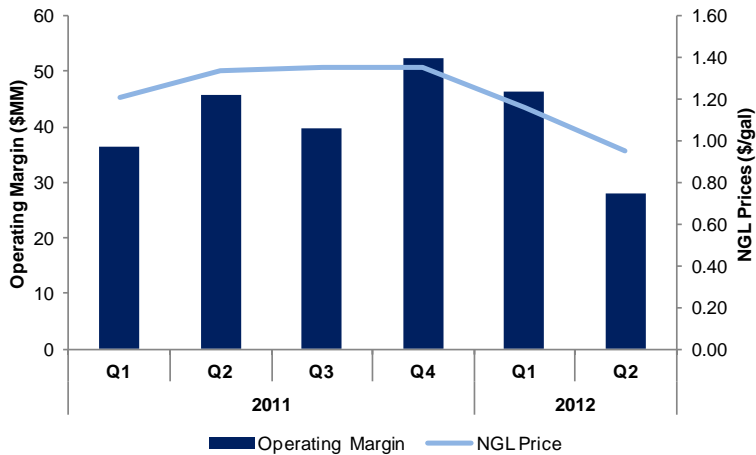


## Coastal G&P Highlights

- ◆ **LOU (Louisiana Operating Unit)**
  - ◆ Onshore gathering and processing with gas and NGLs primarily marketed in the Lake Charles industrial complex
  - ◆ 875 miles of gathering pipelines covering ~3,800 square miles and two processing plants with 260 MMcf/d capacity
  - ◆ The Gillis plant has fractionation capacity of ~13 MBbl/d
- ◆ **Coastal Straddles (including VESCO)**
  - ◆ Positioned on mainline gas pipelines and process volumes of gas collected from multiple offshore producing areas
  - ◆ Gross processing capacity of ~6.6 Bcf/d represents well located, significant share of total GOM processing capacity

## Predominately Hybrid/POL contract type

## 2012 Coastal G&P gross NGL production expected to exceed 2011



(1) Six months ended June 30, 2012

# Coastal G&P – Integration, Optimization, Well Positioned

## ◆ LOU's inlet volume stable with growth potential

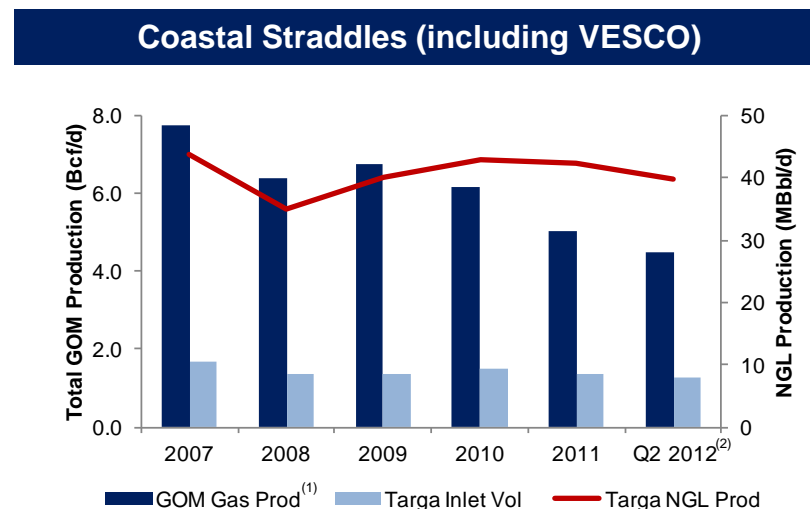
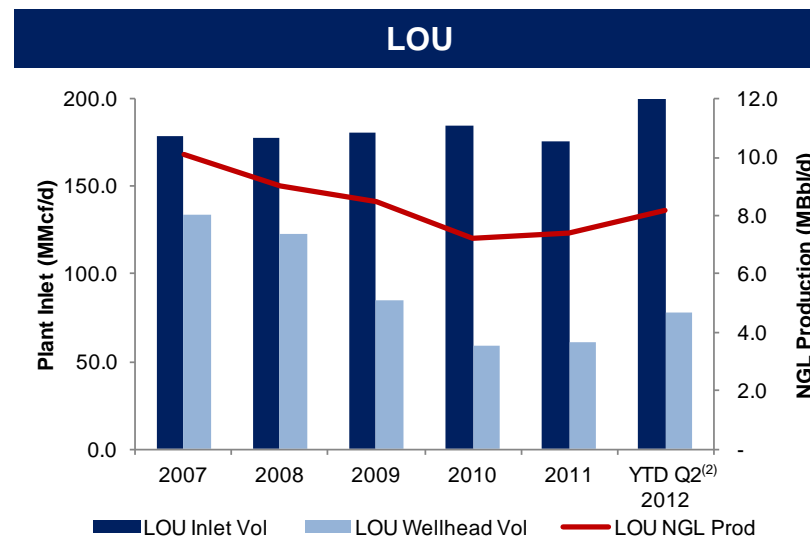
- ◆ LOU's inlet volume has remained relatively flat even as traditional wellhead volumes have declined
- ◆ Traditional wellhead volumes have recently increased as producers begin to increase production for the Wilcox
- ◆ Corresponding increase in GPM
- ◆ Potential production increases from Chalk/TMS

## ◆ Coastal Straddles (including VESCO) inlet volumes have remained relatively flat - even as total GOM production has fallen

- ◆ VESCO and Targa broadly preferred for more-efficient cryo plants, location and market access
- ◆ Trend could continue as further industry rationalization occurs

## ◆ Integrated and positioned for future

- ◆ Coastal assets integrated and well positioned to capture on-shore opportunities
- ◆ VESCO – advantaged facility and location to capture shelf and deepwater production
  - ✦ e.g. Shell Mars B

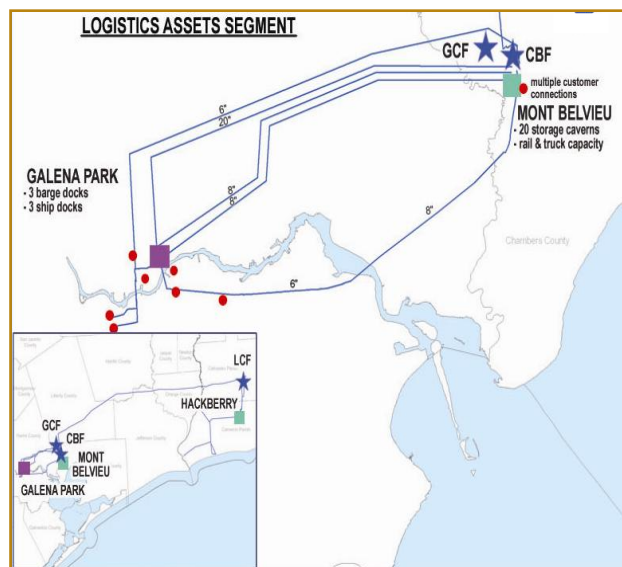


TARGA

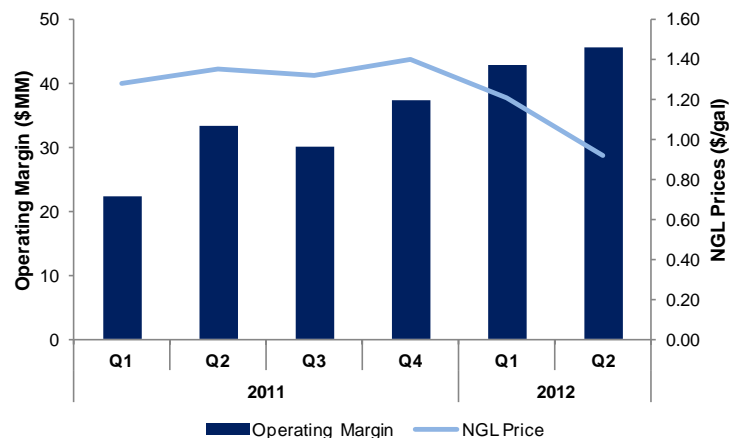
(1) Source: EIA

(2) GOM Gas Prod through May 2012; Targa Inlet Volume and Targa NGL Production YTD Q2 2012

# Logistics Assets



## Fee-Based



## Logistics Assets Highlights

- ◆ **Second largest operator of fractionation capacity in Mont Belvieu and Louisiana**
- ◆ **Targa Logistics Assets highly integrated with industry and markets**
  - ◆ CBF, GCF and Mont Belvieu fractionation and terminaling integrated with Galena Park terminal, Lake Charles fractionation and Hackberry storage
  - ◆ Mont Belvieu fractionation full and expanding
- ◆ **Galena Park Marine Terminal**
  - ◆ HD5 propane and butane export / import (expanding)
  - ◆ International Propane Export project expected to be operational in 2013
  - ◆ Only marine ethylene export facility in North America
  - ◆ Interconnectivity with Targa assets and market
- ◆ **Targa's Logistics Assets and interconnectivity not easily replicated**

## Fractionation Capacity

MBbl/d	Ownership	Current Capacity		Expansions	Post-Expansion Capacity	
		Gross	Net		Gross	Net
CBF	88%	293 <sup>(1)</sup>	258	100	393	346
LCF	100%	55	55		55	55
GCF	39%	145	56		145	56
<b>Total</b>		<b>493</b>	<b>369</b>	<b>100</b>	<b>593</b>	<b>457</b>

(1) Includes 253 MBbl/d of Y-Grade capacity

# Mont Belvieu Y-Grade Pipeline Expansions

Capacity in MBb/d						Expansion
Pipeline Name	Operator	2011	2012E	2013E	2014E	2011-2014
West Texas LPG	Chevron	210	210	210	210	0
Black Lake	DCP	28	28	28	28	0
Sand Hills	DCP	0	100	200	200	200
Southern Hills	DCP	0	50	175	175	175
Panola	Enterprise	65	65	65	65	0
Chaparral	Enterprise	130	130	130	130	0
Seminole	Enterprise	192	192	192	192	0
Eagleford NGL	Enterprise	0	0	200	200	200
Texas Express	Enterprise	0	0	280	280	280
Gateway/Justice	ETC/ Lonestar	0	100	340	340	340
West Texas	Lone Star	144	144	144	144	0
Arbuckle	OneOk	150	165	240	240	90
Sterling I	OneOk	0	0	70	70	70
<b>Total Capacity</b>		<b>919</b>	<b>1184</b>	<b>2274</b>	<b>2274</b>	<b>1355</b>

Source: Information from Targa estimates

## Y-Grade Pipeline Capacity

- ◆ Increased pipeline capacity to accommodate increasing y-grade volumes from Rocky Mountains, Mid-Continent, Permian Basin and South Texas
- ◆ Inbound and outbound connectivity and supporting infrastructure are critical to the success of upcoming expansions
- ◆ Currently pipeline capacity to MTB is a constraint to total NGL supply
  - ◆ Ethane being rejected in certain areas
  - ◆ Constraint lifted by end of 2013



# Mont Belvieu Fractionation Expansion

## Mt. Belvieu Fractionation Capacity (MBbl/d)

Capacity in MBbl/d						Expansion	Announced Projects
Facility	Operator	2011	2012E	2013E	2014E	2011-2014	
Enterprise Mont Belvieu	Enterprise	380	455	615	615	235	Total Expansion up to Train 8
Cedar Bayou Fractionator	Targa	253 <sup>(1)</sup>	253	353	353	100	Total Expansion up to Train 4
MB-1	Oneok	165	165	315	315	150	Total Expansion up to Train 3
Gulf Coast Fractionators	ConocoPhillips <sup>(2)</sup>	109	145	145	145	36	Total Expansion up to Train 2
Lone Star NGL	Energy Transfer	0	0	100	200	200	Total Expansion up to Train 2
<b>Total Capacity</b>		<b>907</b>	<b>1,018</b>	<b>1,528</b>	<b>1,628</b>	<b>721</b>	

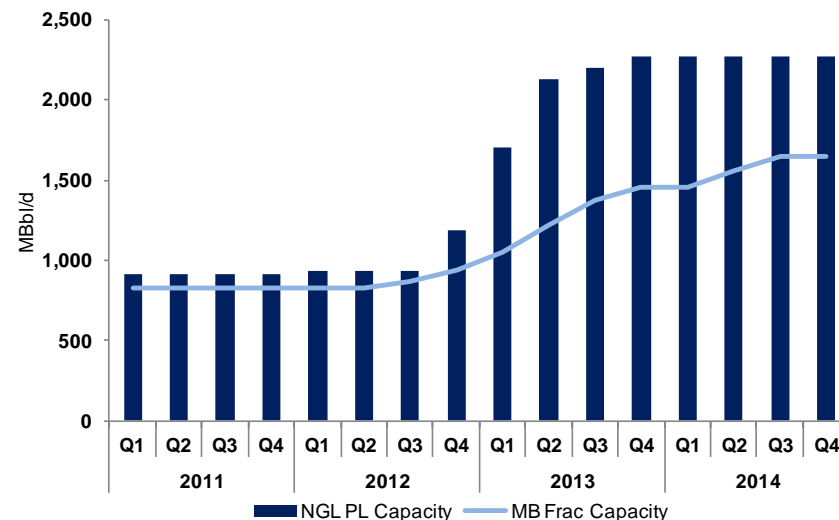
Source: Information from Targa estimates

(1) Represents Y-Grade fractionation capacity, total fractionation capacity is 295 MBbl/d

(2) Targa owns a 38.8% non-operating interest in GCF.

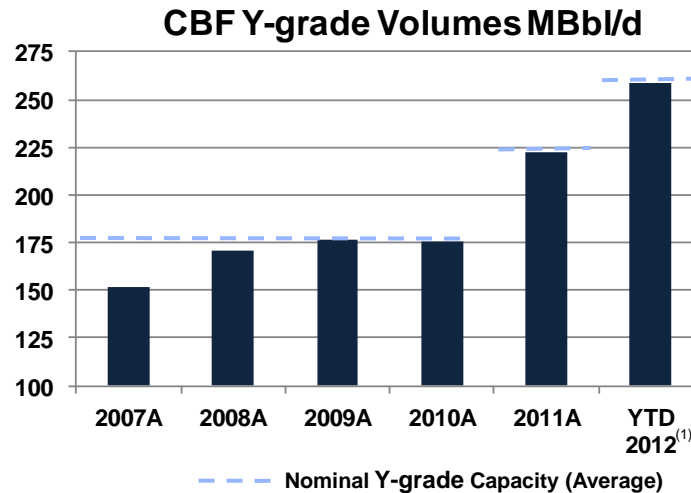
## Pipeline Capacity vs Fractionation Capacity

- ◆ As pipeline constraint into Mont Belvieu is removed in 2013, announced fractionation expansions are scheduled to come online
- ◆ Based on expected y-grade pipeline capacity at the end of 2014, there remains the potential for an additional 600 MBbl/d of fractionation
- ◆ Connectivity with customers and to existing infrastructure key to any fractionation expansion
- ◆ Access to fractionation and underground storage assets key to export activities
  - ◆ Supply of low ethane propane
  - ◆ Connectivity to ship docks



# Logistics Assets - Performance Trends

Mont Belvieu Fractionation Capacity at approximately 100% Utilization



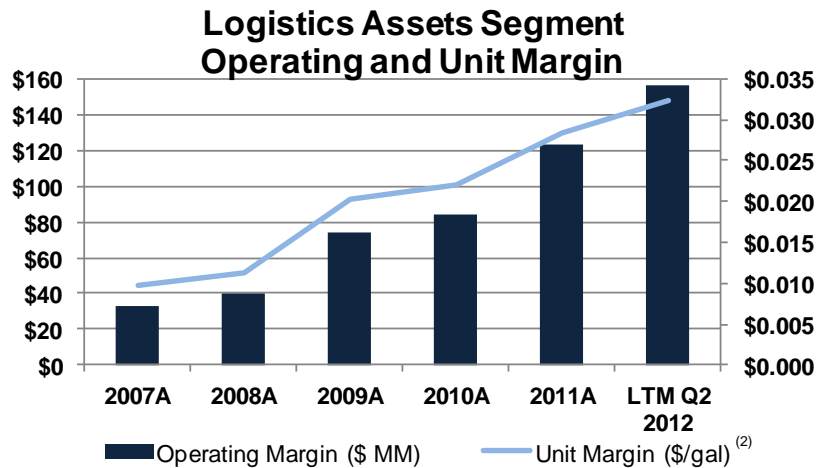
- ◆ Y-grade fractionation at Mont Belvieu reached full capacity in 2009

- ◆ Targa's fractionation expansions
  - ◆ 78 MBbl/d – CBF Train 3
  - ◆ 43 MBbl/d – GCF<sup>(3)</sup>
  - ◆ 100 MBbl/d – CBF Train 4

- ◆ Targa's Mont Belvieu gross fractionation capacity post expansion

- ◆ CBF – 393 MBbl/d
- ◆ GCF – 145 MBPD

Margins Increasing Due to Industry Capacity Constraints



- ◆ Expansions backed by long term contracts with high percentage throughput commitments

- ◆ Renewals on existing fractionation contracts have been for extended terms with firm, high percentage commitments

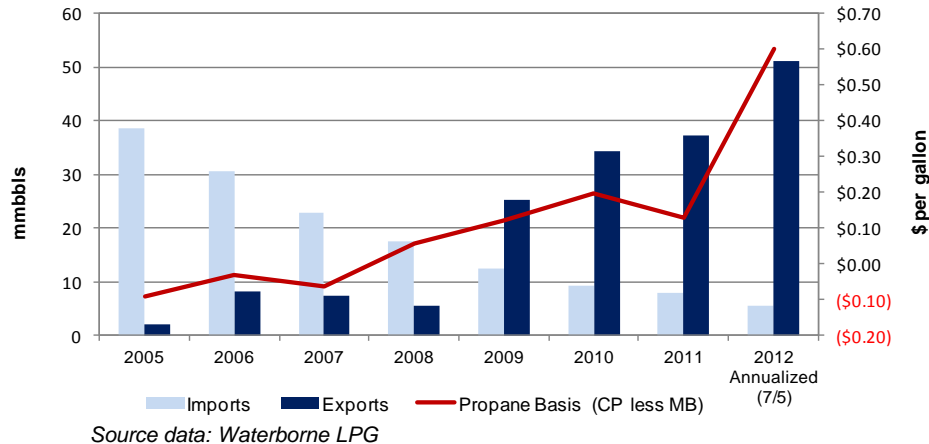
(1) Six months ended June 30, 2012

(2) Unit margin equals Logistics Assets operating margin divided by combined fractionation and treating volumes as reported for each period shown

(3) Targa owns a 38.8% non-operating interest in GCF

# Environment Favors U.S. Propane / Butane Export Growth

## US Propane



- ◆ U.S. Gulf Coast propane and butane exported predominantly to the Americas, with spot opportunities to the Far East
- ◆ Increasing dynamic for continued U.S. Gulf Coast propane/butane exports
- ◆ Targa currently exports domestic grade propane to extent of capacity
- ◆ Panama Canal widening in late 2014 changes trade patterns to benefit USGC sourcing
- ◆ Targa's International Propane Export project involves our Galena Park Marine Terminal and Mont Belvieu facilities
  - ◆ \$250 million project expected to be complete in third quarter 2013
  - ◆ Loading capability for 5,000+ barrels per hour of fully refrigerated, low ethane propane as well as butanes
  - ◆ Capability to export up to 4 very large gas carrier (VLGC) ships per month, while retaining current terminal capabilities for midsized HD5 and ethylene vessels
  - ◆ Capability for incremental expansion opportunities



Targa Galena Park Marine Export/Import Terminal

# Petroleum Logistics - Current Capabilities and Projects

- ◆ \$156MM in acquisitions in 2011
- ◆ Announced ~\$60 million of growth capital related to three terminals acquired in 2011
- ◆ Pursuing additional acquisitions with similar characteristics and expansion opportunities
- ◆ Growing backlog of additional growth projects
- ◆ Majority of revenue generated through fixed-fee contracts based on capacity with take-or-pay features
- ◆ Storage and terminal assets are in a “must run” portion of the global energy value chain



Terminal	Current Storage	Products	Capabilities
<b>Targa Channelview</b> Houston, TX	544 MBbl	Crude oil, blend stock, asphalt, marine diesel oil, used motor oil, vacuum gas	Truck and barge transport; blending and heating
<b>Targa Sound</b> Tacoma, WA	758 MBbl	Refined petroleum products, LPG's, ethanol, biodiesel	Ship, barge, rail and truck transport; blending and heating
<b>Targa Baltimore</b> Baltimore, MD	505 MBbl	Historically in asphalt service; ability to expand product handling	Truck and barge transport; heating; ability to add blending, rail, pipeline and ship

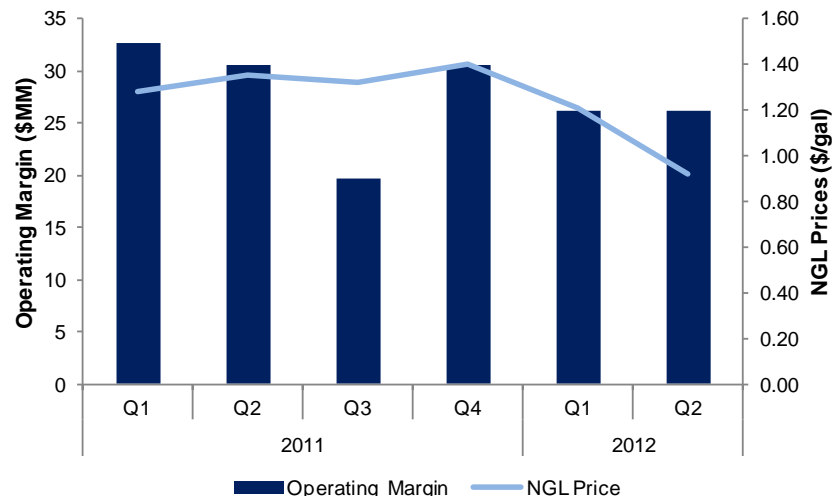
# Marketing and Distribution Segment

## Marketing and Distribution Highlights

- ◆ **NGL and Natural Gas Marketing**
  - ◆ Manage physical distribution of mixed NGL's and specification products using owned and third party facilities
  - ◆ Manages inventories for Targa Downstream Business
  - ◆ Sell propane and butanes for international export
  - ◆ Buy and sell natural gas to optimize Targa assets
  
- ◆ **Wholesale Propane**
  - ◆ Sell propane (to multi-state, independent retailers and industrial accounts) on a fixed or posted price at delivery
  - ◆ Tightly managed inventory sold at an index plus
  
- ◆ **Refinery Services**
  - ◆ Balance refinery NGL supply and demand requirements
    - ◆ Propane, Normal butane, Isobutane, Butane, Butylenes
  - ◆ Contractual agreements with major refiners to market NGLs by barge, rail and truck
  - ◆ Margin-based fees with a fixed minimum per gallon
  
- ◆ **Commercial Transportation**
  - ◆ All fee-based
  - ◆ 592 railcars leased and managed
  - ◆ 82 owned and leased transport tractors
  - ◆ 113 tank trailers
  - ◆ 20 pressurized NGL barges



## Fee-Based and Margin-Based



# Partnership Investment Highlights

## Favorable Industry Fundamentals

- ◆ Advancements in geophysical, drilling and completion techniques drive drilling activity in oil and liquids rich gas plays
- ◆ Activity and strong oil and NGL prices help drive volumes and margins across our businesses
- ◆ Resurgent U.S. Petchem capacity expansions create healthy feedstock demand
- ◆ U.S. position in global commodity markets favors Targa's G&P and Downstream businesses

## Strategically Located Assets

- ◆ G&P assets are diversified across basins and across crude oil and natural gas production
- ◆ Many of our G&P assets are benefitting from crude/NGL driven resource plays; Louisiana assets positioned for increasing activity
- ◆ Logistics assets with superior interconnectivity positioned to benefit from growth in NGL supply and increasing global LPG trade

## Strong Financial Profile

- ◆ Low leverage (2.9x as of 6/30/2012)
- ◆ Strong liquidity (\$979 million as of 6/30/2012)
- ◆ Strong historical distribution coverage (1.34x for second quarter 2012 LTM)
- ◆ Substantial future growth profile supports distribution growth

## Focused on Execution and Growth

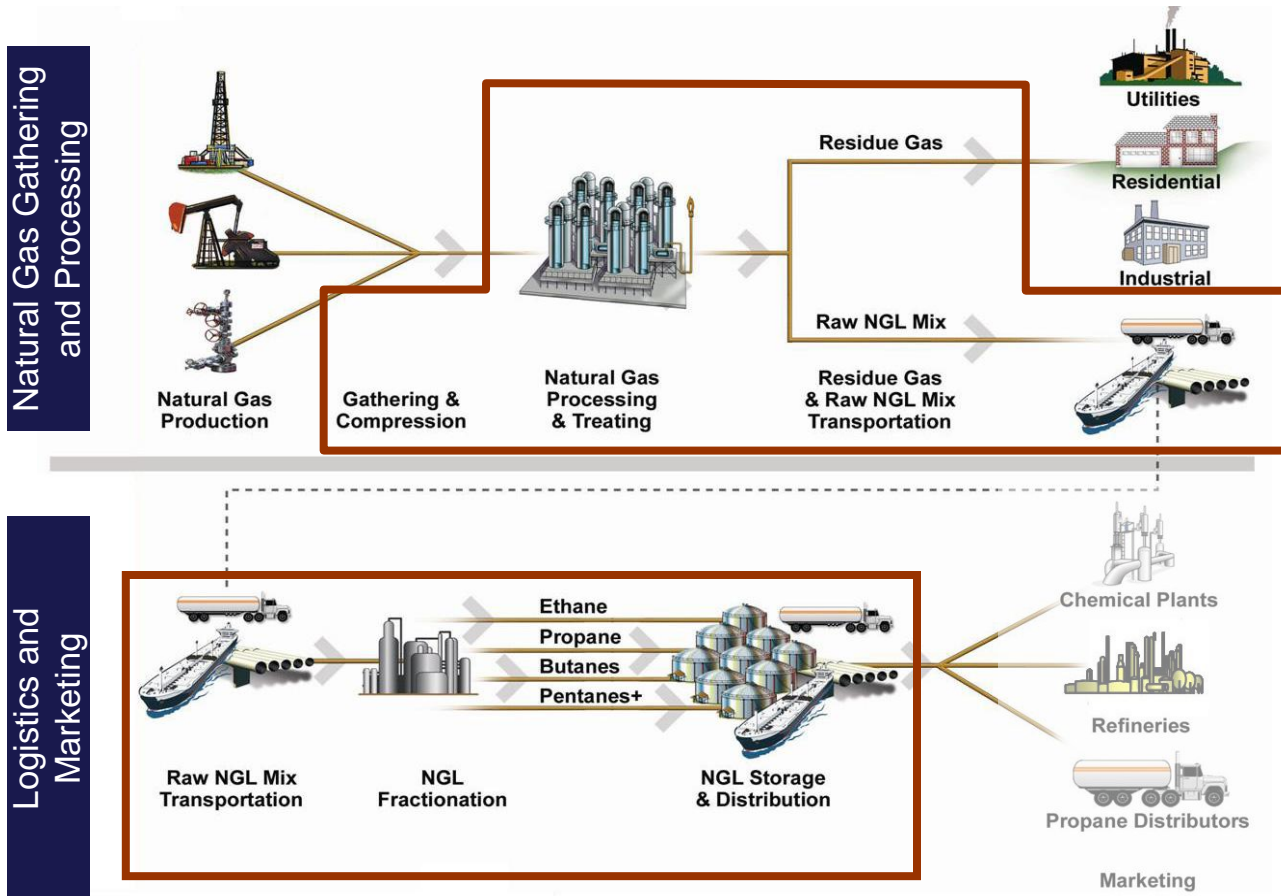
- ◆ Experienced management team focused on execution
- ◆ Expected distribution growth for partnerships of 10% to 15% in 2012
- ◆ Over \$1 billion of current growth projects under construction are on time and within budget
- ◆ Impressive list of growth projects at very attractive multiples of EBITDA in the 5x to 7x range
- ◆ Ability to continue increasing distributions as our projects come on line through 2013



## Appendix

# Position in the Midstream Natural Gas Industry

*The Partnership is one of the few midstream companies with leadership positions in both gathering and processing and NGL logistics*



# Credit Metrics and Liquidity

Cash and Debt	Maturity	Pricing / Coupon	Actual 3/31/12	Q2 Adjustments	Actual 6/30/12
Cash and cash equivalents			\$86.3	\$3.2	\$89.5
Senior Secured Debt	Jul-15	L + 225 bps	-	140.0	140.0
<b>Total Senior Secured Debt</b>			-	<b>140.0</b>	<b>140.0</b>
Senior Notes	Jul-16	8.250%	209.1	-	209.1
Senior Notes	Jul-17	11.250%	72.7	-	72.7
Senior Notes	Oct-18	7.875%	250.0	-	250.0
Senior Notes	Feb-21	6.875%	483.6	-	483.6
Senior Notes	Aug-22	6.375%	400.0	-	400.0
Unamortized Discounts			(35.0)	0.6	(34.4)
<b>Total Consolidated Debt</b>			<b>\$1,380.4</b>	<b>\$140.6</b>	<b>\$1,521.0</b>
LTM Reported EBITDA			\$528.8	(\$6.9)	\$521.9
Total Debt / LTM Reported EBITDA			2.6x		2.9x
<b>Liquidity:</b>					
Credit Facility Commitment			1,100.0	-	1,100.0
Funded Borrowings			-	(140.0)	(140.0)
Letters of Credit			(77.6)	7.4	(70.2)
<b>Total Revolver Availability</b>			<b>\$1,022.4</b>	<b>(\$132.6)</b>	<b>\$889.8</b>
Cash			86.3	3.2	89.5
<b>Total Liquidity</b>			<b>\$1,108.7</b>		<b>\$979.3</b>

Note: Adjusted EBITDA defined as net income before interest, income taxes, depreciation and amortization and non-cash income or loss related to derivative instruments.

# Non-GAAP Measures Reconciliation

This presentation includes non-GAAP financial measures of Adjusted EBITDA, operating margin and distributable cash flow. The presentation provides reconciliations of these non-GAAP financial measures to their most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Our non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income, operating income, net cash flows provided by operating activities or any other GAAP measure of liquidity or financial performance.

# Non-GAAP Measures Reconciliation

The following table presents a reconciliation of Adjusted EBITDA and operating margin to net income (loss) for the periods shown for TRP:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
(\$ in millions)				
<b>Reconciliation of net income (loss) attributable to Targa Resources Partners LP to Adjusted EBITDA:</b>				
Net income to Targa Resources Partners LP	\$ 46.8	\$ 55.2	\$ 117.0	\$ 93.1
Add:				
Interest expense, net	29.4	27.2	58.8	54.6
Income tax expense	0.8	1.9	1.8	3.7
Depreciation and amortization expense	47.6	44.5	94.3	87.2
Risk management activities	1.2	3.8	2.2	4.0
Noncontrolling interest adjustment	(2.9)	(2.8)	(5.8)	(5.4)
Adjusted EBITDA	<u>\$ 122.9</u>	<u>\$ 129.8</u>	<u>\$ 268.3</u>	<u>\$ 237.2</u>

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
(\$ in millions)				
<b>Reconciliation of gross margin and operating margin to net income (loss):</b>				
Gross margin	\$ 243.8	\$ 248.2	\$ 505.2	\$ 462.1
Operating expenses	(77.2)	(71.6)	(148.8)	(137.6)
Operating margin	166.6	176.6	356.4	324.5
Depreciation and amortization expenses	(47.6)	(44.5)	(94.3)	(87.2)
General and administrative expenses	(33.5)	(33.2)	(66.4)	(64.9)
Other operating income	-	-	0.1	-
Interest expense, net	(29.4)	(27.2)	(58.8)	(54.6)
Income tax (benefit) expense	(0.8)	(1.9)	(1.8)	(3.7)
Other, net	(0.6)	(1.8)	1.4	(0.3)
Net income	<u>\$ 54.7</u>	<u>\$ 68.0</u>	<u>\$ 136.6</u>	<u>\$ 113.8</u>

# Non-GAAP Measures Reconciliation

\$ Millions

The following table presents a reconciliation of reported distributable cash flow to net income (loss) for the periods shown for TRP:

	Three Months Ended											
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec
	2007	2007	2007	2007	2008	2008	2008	2008	2009	2009	2009	2009
<b>Reconciliation of net income (loss) attributable to Targa Resources Partners LP to distributable cash flow:</b>												
Net income (loss) attributable to Targa Resources Partners LP	\$ (4.7)	\$ 4.0	\$ 3.9	\$ 22.7	\$ 24.9	\$ 28.2	\$ 14.7	\$ 23.7	\$ (2.1)	\$ 6.6	\$ 10.0	\$ 38.4
Add:												
Allocated and affiliate interest expense	-	-	-	-	-	-	-	-	-	-	15.0	-
Depreciation and amortization expense	14.2	14.3	14.4	18.1	18.2	18.4	18.6	19.1	18.9	19.0	25.6	25.7
Deferred income tax (expense) benefit	0.3	0.3	0.3	0.4	0.3	0.4	0.4	0.3	0.3	0.3	0.1	-
Amortization of debt issue costs	0.1	0.2	0.2	0.4	0.4	0.5	0.6	0.6	0.6	0.6	-	1.3
Gain on debt repurchases	-	-	-	1.9	-	-	-	(13.1)	-	-	1.5	-
Risk management activities	-	-	-	-	-	-	10.6	11.8	18.5	11.2	4.1	3.8
Maintenance capital expenditures	(2.7)	(2.6)	(4.0)	(6.8)	(4.4)	(7.4)	(7.2)	(7.7)	(2.6)	(2.1)	(4.7)	(7.9)
Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.2)
Distributable cash flow	<u>\$ 7.2</u>	<u>\$ 16.2</u>	<u>\$ 14.8</u>	<u>\$ 36.7</u>	<u>\$ 39.4</u>	<u>\$ 40.1</u>	<u>\$ 37.7</u>	<u>\$ 34.7</u>	<u>\$ 33.6</u>	<u>\$ 35.6</u>	<u>\$ 51.5</u>	<u>\$ 61.1</u>
Distributions Declared	5.3	10.6	15.3	18.7	19.9	25.9	26.4	26.4	26.4	26.4	35.2	38.8
Distribution Coverage	1.4x	1.5x	1.0x	2.0x	2.0x	1.5x	1.4x	1.3x	1.3x	1.3x	1.5x	1.6x

	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun
	2010	2010	2010	2010	2011	2011	2011	2011	2012	2012
<b>Reconciliation of net income (loss) attributable to Targa Resources Partners LP to distributable cash flow:</b>										
Net income (loss) attributable to Targa Resources Partners LP	\$ 12.6	\$ 19.8	\$ 13.8	\$ 35.9	\$ 37.8	\$ 55.2	\$ 35.9	\$ 75.5	\$ 70.1	\$ 46.8
Add:										
Allocated and affiliate interest expense	-	-	3.9	-	-	-	-	-	-	-
Depreciation and amortization expense	25.8	32.7	43.3	47.9	42.7	48.3	45.0	46.0	46.7	47.6
Deferred income tax (expense) benefit	0.6	(0.1)	(0.1)	0.9	0.4	1.1	(0.9)	0.2	0.4	0.4
Amortization of debt issue costs	1.3	1.4	0.9	3.0	1.8	-	2.5	4.2	4.6	4.4
Gain on debt repurchases	-	-	0.8	(0.8)	-	-	-	-	-	-
Risk management activities	7.6	7.5	7.8	10.2	0.2	3.8	2.0	1.3	1.0	1.2
Maintenance capital expenditures	(3.7)	(5.9)	(12.9)	(22.0)	(12.8)	(21.6)	(24.7)	(24.6)	(16.5)	(15.5)
Reimbursements	-	-	0.4	-	-	-	-	-	-	-
Other	(0.2)	(0.2)	(0.8)	0.9	2.0	3.2	5.6	4.6	(0.6)	(0.4)
Distributable cash flow	<u>\$ 44.0</u>	<u>\$ 55.2</u>	<u>\$ 57.1</u>	<u>\$ 76.0</u>	<u>\$ 72.1</u>	<u>\$ 90.0</u>	<u>\$ 65.4</u>	<u>\$ 107.2</u>	<u>\$ 105.7</u>	<u>\$ 84.5</u>
Distributions Declared	38.8	40.2	46.1	53.5	55.2	57.3	59.4	66.0	69.6	73.2
Distribution Coverage	1.1x	1.4x	1.2x	1.4x	1.3x	1.6x	1.1x	1.6x	1.5x	1.2x

# Non-GAAP Measures Reconciliation

The following table presents a reconciliation of operating margin to net income (loss) for the periods shown for TRP:

	Three Months Ended									
	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012
	(\$ in millions)									
<b>Reconciliation of gross margin and operating margin to net income (loss):</b>										
Gross margin	\$ 185.9	\$ 179.8	\$ 184.7	\$ 221.7	213.9	248.2	227.2	258.8	261.4	243.8
Operating expenses	(62.2)	(62.0)	(66.0)	(69.4)	(65.9)	(71.6)	(76.5)	(72.9)	(71.6)	(77.2)
Operating margin	123.7	117.9	118.8	152.4	148.0	176.6	150.7	185.9	189.8	166.6
Depreciation and amortization expenses	(42.0)	(43.0)	(43.3)	(47.8)	(42.7)	(44.5)	(45.0)	(46.0)	(46.7)	(47.6)
General and administrative expenses	(25.0)	(28.4)	(26.7)	(42.5)	(31.8)	(33.2)	(33.7)	(29.2)	(32.9)	(33.5)
Interest expense, net	(31.1)	(27.5)	(27.2)	(25.1)	(27.5)	(27.2)	(25.7)	(27.3)	(29.4)	(29.4)
Income tax (benefit) expense	(1.4)	(0.9)	(1.6)	(0.1)	(1.8)	(1.9)	(1.5)	0.9	(1.0)	(0.8)
Gain (loss) on sale of assets	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.3	(0.6)	0.0	0.0
Gain (loss) on debt repurchases	0.0	0.0	(0.8)	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Risk management activities	25.4	2.5	(1.9)	0.0	0.0	(3.2)	(1.8)	0.0	0.0	0.0
Equity in earnings of unconsolidated investments	0.3	2.4	1.1	1.7	1.7	1.3	2.2	0.0	0.0	0.0
Other Operating income (loss)	0.0	0.0	0.0	3.3	0.0	0.0	0.0	0.0	0.0	0.0
Other, net	0.0	0.0	0.0	0.0	(0.2)	0.1	(0.6)	3.2	2.0	(0.6)
Net income	<u>\$ 49.9</u>	<u>\$ 22.9</u>	<u>\$ 18.4</u>	<u>\$ 42.8</u>	<u>\$ 45.7</u>	<u>\$ 68.0</u>	<u>\$ 44.9</u>	<u>\$ 86.9</u>	<u>\$ 81.8</u>	<u>\$ 54.7</u>
Fee Based operating margin percentage	19%	25%	31%	31%	25%	28%	30%	30%	32%	39%
Fee Based operating margin	<u>\$ 23.0</u>	<u>\$ 30.0</u>	<u>\$ 36.9</u>	<u>\$ 47.1</u>	<u>\$ 37.3</u>	<u>\$ 48.8</u>	<u>\$ 44.8</u>	<u>\$ 55.3</u>	<u>\$ 60.3</u>	<u>\$ 65.7</u>

# Non-GAAP Measures Reconciliation

**Adjusted EBITDA** – The Partnership and Targa define Adjusted EBITDA as net income before interest, income taxes, depreciation and amortization and non-cash income or loss related to derivative instruments. Adjusted EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements such as investors, commercial banks and others, to assess: (1) the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; (2) our operating performance and return on capital as compared to other companies in the midstream energy sector, without regard to financing or capital structure; and (3) the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities. The economic substance behind management's use of Adjusted EBITDA is to measure the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness and make distributions to our investors. The GAAP measure most directly comparable to Adjusted EBITDA is net income (loss). Our non-GAAP financial measure of Adjusted EBITDA should not be considered as an alternative to GAAP net income (loss). Adjusted EBITDA is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. You should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA excludes some, but not all, items that affect net income and is defined differently by different companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Management compensates for the limitations of Adjusted EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these insights into management's decision-making processes.

**Distributable Cash Flow** – Distributable cash flow is a significant performance metric used by us and by external users of our financial statements, such as investors, commercial banks, research analysts and others to compare basic cash flows generated by us (prior to the establishment of any retained cash reserves by our general partner) to the cash distributions we expect to pay our unitholders. Using this metric, management can quickly compute the coverage ratio of estimated cash flows to planned cash distributions. Distributable cash flow is also an important non-GAAP financial measure for our unitholders because it serves as an indicator of our success in providing a cash return on investment. Specifically, this financial measure indicates to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our quarterly distribution rates. Distributable cash flow is also a quantitative standard used throughout the investment community with respect to publicly-traded partnerships and limited liability companies because the value of a unit of such an entity is generally determined by the unit's yield (which in turn is based on the amount of cash distributions the entity pays to a unitholder). The economic substance behind our use of distributable cash flow is to measure the ability of our assets to generate cash flows sufficient to make distributions to our investors. The GAAP measure most directly comparable to distributable cash flow is net income (loss). Our non-GAAP measure of distributable cash flow should not be considered as an alternative to GAAP net income (loss). Distributable cash flow is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. You should not consider distributable cash flow in isolation or as a substitute for analysis of our results as reported under GAAP. Because distributable cash flow excludes some but not all, items that affect net income (loss) and is defined differently by different companies in our industry, our definition of distributable cash flow may not be compatible to similarly titled measures of other companies, thereby diminishing its utility. We compensate for the limitations of distributable cash flow as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these insights into our decision-making processes.

**Operating Margin** – The Partnership defines operating margin as gross margin less operating expenses. With respect to the Partnership's Natural Gas Gathering and Processing segments, the Partnership defines gross margin as total operating revenues, which consist of natural gas and NGL sales plus service fee revenues, less product purchases, which consist primarily of producer payments and other natural gas purchases. With respect to the Partnership's Logistics Assets segment, it defines gross margin as total revenues, which consists primarily of service fee revenues. With respect to the Partnership's Marketing and Distribution segment, it defines gross margin as total revenues, which consists primarily of service fee revenues and NGL sales, less cost of sales, which consists primarily of NGL purchases and changes in inventory valuation. The GAAP measure most directly comparable to gross margin and operating margin is net income. The Partnership's non-GAAP financial measures of gross margin and operating margin should not be considered as alternatives to GAAP net income. Gross Margin and operating margin are not presentations made in accordance with GAAP and have important limitations as analytical tools. You should not consider gross margin and operating margin in isolation or as substitutes for analysis of the Partnership's results as reported under GAAP. Because gross margin and operating margin excludes some, but not all, items that affect net income and are defined differently by different companies, the Partnership's definition of gross margin and operating margin may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. Management compensates for the limitations of gross margin and operating margin as analytical tools by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these learnings into its decision-making processes. Management reviews gross margin and operating margin monthly for consistency and trend analysis. Based on this monthly analysis, management takes appropriate action to maintain positive trends or to reverse negative trends. Management uses gross margin and operating margin as important performance measures of the core profitability of the Partnership's operations.